

**PUBLICATION OF REDACTED VERSION**  
**OF THE OEIG FOR THE AGENCIES UNDER THE GOVERNOR**  
**INVESTIGATIVE REPORT**

Case Number: 23-00089

Subject(s): Arielle Koger

Below is the redacted version of an investigative summary report issued by the Executive Inspector General for the Agencies of the Illinois Governor. Pursuant to section 20-50 of the State Officials and Employees Ethics Act (Act) (5 ILCS 430/20-50), a summary report of an investigation is required to be issued by an executive inspector general when, and only when, at the conclusion of investigation, the executive inspector general determines reasonable cause exists to believe a violation has occurred. If a complaint is not to be filed with the Executive Ethics Commission (Commission) for adjudication of the alleged violation, the Act further requires the executive inspector general to deliver to the Commission a statement setting forth the basis for the decision not to file a complaint and a copy of the summary report of the investigation and of the response from the ultimate jurisdictional authority or agency head regarding the summary report. 5 ILCS 430/20-50(c-5). The Act requires that some summary reports be made available to the public and authorizes the Commission to make others available. 5 ILCS 430/20-52. Before making them available, however, the Commission is to redact from them information that may reveal the identity of witnesses, complainants, or informants and may redact “any other information it believes should not be made public.” 5 ILCS 430/20-52(b).

Some summary reports delivered to the Commission may contain a mix of information relating to allegations with respect to which the executive inspector general did and did not determine reasonable cause existed to believe a violation occurred. In those situations, the Commission may redact information relating to those allegations with respect to which the existence of reasonable cause was not determined.

The Commission exercises its publication responsibility with great caution and seeks to balance the sometimes-competing interests of transparency and fairness to the accused and others uninvolved. To balance these interests, the Commission has redacted certain information contained in this report and identified where said redactions have taken place and inserted clarifying edits as marked. Publication of a summary report of an investigation, whether redacted or not, is made

with the understanding that the subject or subjects of the investigation may not have had the opportunity to rebut the report's factual allegations or legal conclusions before issuance of the report. Moreover, there has not been, nor will there be, an opportunity for the subject to contest or adjudicate them before the Commission. The subject merely has the opportunity to submit a response for publication with the report.

The Commission received this report and a response from the ultimate jurisdictional authority and/or agency in this matter from the Agencies of the Illinois Governor Office of Executive Inspector General ("OEIG"). The Commission, pursuant to 5 ILCS 430/20-52, redacted the OEIG's final report and responses and mailed copies of the redacted version and responses to the Attorney General, the Executive Inspector General for the Agencies of the Illinois Governor, and each subject.

The Commission reviewed all suggestions received and makes this document available pursuant to 5 ILCS 430/20-52. By publishing the below redacted summary report, the Commission neither makes nor adopts any determination of fact or conclusions of law for or against any individual or entity referenced therein.

– THE REDACTED VERSION OF THE EIG'S SUMMARY REPORT  
BEGINS ON THE NEXT PAGE –

## I. INTRODUCTION

Based on finding evidence of a State employee fraudulently obtaining a federal Paycheck Protection Program (PPP) loan, the OEIG conducted a larger review to determine whether State employees properly obtained PPP loans and provided notice of secondary employment. Due to the large volume of PPP loans obtained by State employees, the OEIG narrowed its review based on certain factors including those State employees who received approximately \$20,000 or more in PPP loan funds.<sup>1</sup>

The OEIG self-initiated this investigation regarding two PPP loans obtained by Arielle Koger, one for \$20,000 and one for \$3,026, while she was employed at the Illinois Department of Human Services (DHS). During her interview with the OEIG, Ms. Koger admitted that she submitted or authorized submission of the PPP loan applications; that application documents submitted on her behalf for the first loan were falsified but that she received and spent the funds; and that she thereafter sought the second loan, which has since been forgiven in full.

## II. BACKGROUND

Ms. Koger began working at DHS in March 2019 and is currently a Mental Health Technician I.

The PPP was created by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the Small Business Administration (SBA) to provide relief to small businesses affected by the COVID-19 pandemic. PPP loans were made to eligible businesses, which included sole proprietorships, independent contractors, and self-employed individuals, for qualifying payroll costs and business operating expenses such as insurance, rent, and utilities.<sup>2</sup> To apply for the loan, a sole proprietor, independent contractor, or self-employed individual needed to submit certain tax filings or other payroll documentation to an SBA-approved lender, establishing their eligibility and demonstrating the qualifying payroll amount, which could be based on information reported on an IRS Form 1040, Schedule C.<sup>3</sup> PPP loans were eligible for forgiveness by the SBA if used on qualifying expenses and if at least 60% was used for payroll costs.<sup>4</sup>

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<sup>1</sup> From the OEIG's review, in order to be eligible for at least \$20,000 in loan proceeds, the small business typically had approximately \$100,000 or more in yearly net profit or gross income. The OEIG will be referring to the Ultimate Jurisdictional Authority those State employees who obtained PPP loans in smaller amounts or were not investigated for other logistical reasons.

<sup>2</sup> 15 U.S.C. § 636(a)(36); SBA Interim Final Rule, 85 FR 20811 (Apr. 15, 2020).

<sup>3</sup> Prior to March 2021, the "net profit" amount from an IRS Form 1040, Schedule C, could be used to demonstrate payroll costs and calculate the maximum loan amount. *See* SBA Paycheck Protection Program Guidance (June 26, 2020) ([https://www.sba.gov/sites/default/files/2020-12/How-to-Calculate-Loan-Amounts-508\\_6-26-20.pdf](https://www.sba.gov/sites/default/files/2020-12/How-to-Calculate-Loan-Amounts-508_6-26-20.pdf)). As of March 2021, the "gross income" reported on an IRS Form 1040, Schedule C, could be used for that purpose. *See* SBA Interim Final Rule, 86 FR 13149 (Mar. 8, 2021) (expanded definition of "payroll costs" for sole proprietors); SBA Paycheck Protection Program Guidance (Mar. 12, 2021) (<https://www.sba.gov/sites/default/files/2021-03/HowtoCalculateFirstDrawLoanAmountsFAQs-3.12.21-508.pdf>).

<sup>4</sup> *See id.*; 15 U.S.C. § 636(m).

### III. INVESTIGATION

#### A. PPP Records For Ms. Koger

The OEIG located public records showing that Ms. Koger received two PPP loans totaling \$23,026 as a “sole proprietor.” The first was obtained in July 2020 for \$20,000, and the second in April 2021 for \$3,026. The OEIG subpoenaed loan documents from both identified lenders.

Loan documents for the first loan included a borrower application “DocuSigned” in Ms. Koger’s name and dated July 31, 2020. The “sole proprietor” box was checked, the Business Legal Name was “Arielle Koger,” and Ms. Koger was identified as holding 100% ownership, with 20 employees. Under “Purpose of the loan,” the “Payroll” box was checked. The form contained various certifications, all reflecting the initials “AK,” which included a statement that the applicant “was in operation on February 15, 2020” and was “eligible to receive a loan” under PPP rules; a statement the funds would be used as authorized by PPP rules; and a statement that information provided in the application and supporting documentation was “true and accurate in all material respects.” The application identified “Average Monthly Payroll” as \$8,000,<sup>5</sup> and that figure was used to calculate the loan amount of \$20,000 (intended to cover a period up to 2.5 months).

Other documents were submitted related to the first loan, which included a 2019 IRS Form 1040, Schedule C Profit or Loss From Business form, reflecting Ms. Koger’s name, home address, and social security number, and listing a principal business or profession as “Livestock Merchant Wholesaler.” The Schedule C listed \$185,000 of gross profit for the year, cost of goods sold as \$55,000, and net profit of \$130,000. An SBA “Note” for the first loan, in the amount of \$20,000, was dated July 31, 2020, and “DocuSigned” in Ms. Koger’s name.

Loan documents for the second loan included a “Second Draw” borrower application, which was “DocuSigned” in Ms. Koger’s name and dated April 8, 2021. The sole proprietor box was checked, the Business Legal Name was “Arielle Kroger,” the year of establishment was 2018, and an industry code was listed corresponding to the category Child Day Care Services. Ms. Koger was identified as the owner and sole employee, and under “Purpose of the loan,” the “Payroll Costs” box was checked. The application identified gross income as \$14,525 from a 2020 IRS Form 1040, Schedule C, and that amount was used to calculate the requested loan amount of \$3,026 (intended to cover a period of up to 2.5 months). The form contained similar certifications to the first loan application, all reflecting the initials “AK,” including statements that the applicant was in operation as of February 2020, was eligible for the loan, would use the funds as authorized by PPP rules; and that information provided in the application and supporting documentation was “true and accurate in all material respects.” The form also contained a certification that the applicant “received a First Draw [PPP] Loan and, before the Second Draw [PPP] Loan is disbursed, will have used the full loan amount...of the First Draw [PPP] Loan only for eligible expenses.”

Other documents were submitted related to the second loan, which included a 2020 IRS Form 1040, Schedule C Profit or Loss From Business form, reflecting Ms. Koger’s name and home address, principal business or profession as “Childcare” and gross income amount of \$14,525.

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<sup>5</sup> According to the form’s instructions and related SBA guidance, “Average Monthly Payroll” could be calculated by locating the “net profit” on the applicant’s 2019 IRS Form 1040, Schedule C (up to \$100,000), and dividing by 12.

Expenses totaling \$2,200 were listed in categories identified as advertising, supplies, deductible meals, and other (cell phone). An SBA “Note” was dated April 9, 2021, and “DocuSigned” in Ms. Koger’s name, for a loan in the amount of \$3,026.

A PPP loan forgiveness application was dated August 22, 2021, and signed in Ms. Koger’s name, requesting forgiveness of the full loan amount of the second loan, and indicating it had been spent on Payroll Costs. The application included certifications that the borrower had complied with all requirements, including those related to eligible use of PPP loan proceeds, and that the information provided in the application was “true and correct in all material respects.” An SBA form, included in the lender documents, stated the loan had been forgiven in full on August 25, 2021 (along with \$10.45 in interest). For the first loan, documents provided by the lender did not show that forgiveness had been requested.

### **B. No Secondary Employment Reported**

The OEIG reviewed the DHS personnel file for Ms. Koger and located one DHS Report of Secondary Employment form, dated March 1, 2019, which was signed in Ms. Koger’s name under the section that stated: “This section to be completed by all new hires and all current employees reporting no secondary employment, including self-employment. / I am employed only in my current position as identified above...and will, as an IDHS employee, report accepting any secondary employment.”

### **C. Arielle Koger’s OEIG Interview**

The OEIG interviewed Ms. Koger on January 30 and February 7, 2023.<sup>6</sup> Ms. Koger said she works part-time at DHS, and that in addition to her DHS employment, she also provides babysitting services in her home. Ms. Koger said she started babysitting in 2018. Ms. Koger said she babysits on Sundays, Mondays, and Tuesdays, from 3:00 p.m. to 9:00 p.m. but that her schedule varies depending on the needs of the children’s parents and guardians. Ms. Koger said she did not pay to advertise her services and relied on word of mouth to get babysitting business. Ms. Koger said she charged \$100 to \$200 daily per child, and that she was generally paid in cash, and a few times through Zelle. Ms. Koger said she provided information about her babysitting earnings to her tax preparer, and the income was reported on her income tax returns.

When asked to estimate her gross income for the past several years, Ms. Koger said she babysat four children in 2018 and made no more than \$12,000 that year, and that she thought she made about the same amount in 2019. Ms. Koger said she could not recall her gross income from babysitting in 2020, but she initially stated she did not babysit much that year due to the COVID-19 pandemic, because parents were at home. Ms. Koger said that in 2021, she did not babysit at all. For 2022, Ms. Koger said she babysat four children, and her gross income was about \$12,000.

Ms. Koger claimed she disclosed her babysitting business on a DHS Report of Secondary Employment form when she started at DHS. When asked for her understanding of DHS rules

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<sup>6</sup> Approximately 20 minutes into the first interview on January 30, 2023, Ms. Koger stated she wanted to stop the interview and consult an attorney. The OEIG ended the interview at that time, and resumed the interview on February 7, 2023, during which Ms. Koger had an attorney present.

related to secondary employment, Ms. Koger said it had to be reported, which she said she learned when she was hired at DHS and filled out the relevant paperwork.<sup>7</sup> Ms. Koger said she has only filled out one such form at DHS, at the time she was hired.

Ms. Koger admitted that she sought and received two PPP loans, for \$20,000 and \$3,026, respectively. Ms. Koger said she needed the PPP loans to pay bills, keep her babysitting business going, and to pay other expenses for her home, from which she operated the business. Ms. Koger said she only worked part-time at DHS and relied on the secondary income.

When asked about the first loan, Ms. Koger said she did not fill out the application herself, but that she authorized an individual to do so on her behalf (referred to in this report as “Individual A”).<sup>8</sup> Ms. Koger said she had been friends with Individual A for 20 to 30 years, and he told her the government was giving loans to people facing hardships with their business during the pandemic. Ms. Koger said she wanted the loan to pay bills, because she was not babysitting at that time. Ms. Koger said she paid Individual A \$2,700 or \$3,000 in cash to take care of the application for her. Ms. Koger said she provided information to Individual A for the application, including her birth date, social security number, home address, and possibly her bank account information. Ms. Koger said she did not provide Individual A her email address. Ms. Koger said Individual A subsequently called her to report her application had been submitted, and sometime after that, she received \$20,000 by direct deposit into her bank account.

Ms. Koger was shown the borrower application for the first loan in her name, dated July 31, 2020, and she said that while the name, phone number, and address were hers, the average monthly payroll of \$8,000 was not accurate, nor was the number of employees. Ms. Koger claimed she did not complete or sign the application and was not familiar with the email address listed. Ms. Koger was shown the 2019 IRS Form 1040, Schedule C in her name, and she said she had not filled it out or seen it before. Ms. Koger said the figures on Schedule C were false, and the principal business of Livestock Merchant Wholesaler was wrong. Ms. Koger said she did not know where the information came from, including the \$185,000 of gross income. Ms. Koger said Individual A did not ask her for financial information related to the loan application, and that the only information she gave him was the personal information she previously described. Ms. Koger said she did not know the numbers reflected on the application and Schedule C would be supplied on her behalf. Ms. Koger was also shown the SBA Note for the loan, which she said she did not sign.

Ms. Koger said that about a year after receiving the first \$20,000 loan, she learned that the information submitted on her behalf to obtain it was inaccurate. Ms. Koger said she confronted Individual A, and he became upset. Ms. Koger said that at that point, she had spent all the funds on rent, utility and credit card bills, groceries, and gas for her vehicle. Ms. Koger said she asked Individual A about how to apply to get the first loan forgiven, but he told her he did not have the required information and she would have to get it on her own. Ms. Koger said the first loan had not been forgiven at the time of her OEIG interview.

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<sup>7</sup> During the interview, Ms. Koger was shown DHS Administrative Directive 01.02.03.120, Subject: Secondary Employment. Ms. Koger said she was familiar with the policy, though it had been a while since she read it.

<sup>8</sup> During the interview, Ms. Koger said she was not comfortable providing her friend’s name, but she did state she was not related to him and that he was not a State employee.

Ms. Koger was also asked about the second PPP loan, which she said she applied for herself upon hearing the government was giving out a second round of loans. Ms. Koger said she still needed help with her business at that point. Ms. Koger was shown the borrower application for the second loan, dated April 8, 2021, and she confirmed she completed it, initialed it, and signed it herself. Ms. Koger was shown the 2020 Schedule C, which she said she submitted with the application. Ms. Koger claimed the information reflected in the documents was accurate, including the 2020 gross income of \$14,525. When asked about her earlier interview statements that she had not done much babysitting in 2020, Ms. Koger said she may have babysat four children that year, but that she was not certain because she did not have her notebook in front of her with that information. Ms. Koger said she would have provided the information to her tax preparer. When asked about the expenses listed on the Schedule C, Ms. Koger said those reflected food, cleaning supplies, and activity costs for her business, and that the advertising expenses might have been for brochures or cards she had made.

Ms. Koger confirmed she signed the SBA Note for the second PPP loan and said she received the \$3,026 by direct deposit into her bank account. Ms. Koger said she used the money to pay rent and bills related to her home. Ms. Koger was shown the PPP loan forgiveness application signed in her name and dated August 22, 2021, and she said she filled that out and submitted it herself. Ms. Koger said her second PPP loan was forgiven.

#### IV. ANALYSIS

The DHS Rules of Employee Conduct state that an employee's "conduct while off-duty may subject the Employee to discipline up to and including discharge" when the conduct raises "reasonable doubt concerning the Employee's suitability for continued state employment."<sup>9</sup> In addition, the State of Illinois Code of Personal Conduct provides that "A State Employee will conduct himself or herself...with integrity and in a manner that reflects favorably upon the State."<sup>10</sup>

Moreover, the DHS secondary employment policy requires employees to complete a new Report of Secondary Employment form annually, confirming "any secondary employment, including self-employment, or whether no secondary employment exists." It further states that employees who begin previously unreported outside employment need to submit a Report of Secondary Employment form within five working days of commencing secondary employment. Any secondary employment reported is then evaluated by DHS management to determine whether it poses a conflict of interest. The policy states that "[f]ailure to have an accurate and current form submitted may result in disciplinary action, up to and including discharge."<sup>11</sup>

Ms. Koger admitted that she obtained two PPP loans totaling \$23,026, and that she spent all the loan proceeds. However, information submitted in Ms. Koger's name to obtain the first loan of \$20,000 was false, which Ms. Koger did not attempt to rectify even after learning about it; further, she admitted that she paid someone to apply for the loan on her behalf and accepted the

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<sup>9</sup> DHS Administrative Directive 01.02.03.040.

<sup>10</sup> Illinois Code of Personal Conduct, Conduct Unbecoming of a State Employee (2017 & March 17, 2021).

<sup>11</sup> DHS Administrative Directive 01.02.03.120. The policy states that if secondary employment is reported, the form will be placed in the employee's official personnel file. *Id.*

funds without reviewing any related documentation. Thereafter, Ms. Koger proceeded to knowingly obtain a second loan and accepted forgiveness of that loan in full.

Ms. Koger acknowledged that a July 2020 borrower application submitted in her name for the first loan inaccurately stated a monthly payroll amount of \$8,000, and that the 2019 IRS Form 1040, Schedule C submitted with the application was not hers and contained gross income of \$185,000 and other information that was wrong. Ms. Koger instead estimated that her total income from her babysitting business in 2019 was around \$12,000. Ms. Koger told the OEIG she did not submit the borrower application or Schedule C herself, and that she did not learn they contained inaccurate information until about a year later. But Ms. Koger's purported lack of knowledge does not absolve her of responsibility under the circumstances. First, there is no evidence Ms. Koger took any reasonable steps to ensure information being submitted on her behalf was accurate. By her own admission, Ms. Koger authorized and paid Individual A to apply for the loan, provided personal information for that purpose, including her address, social security number, and bank information, and did not review associated paperwork that supported her receipt of \$20,000 in PPP loan funds before accepting and spending the money. Further, even after learning that falsified documents had been submitted on her behalf, Ms. Koger did not report taking any steps to report the situation or pay the money back; rather, she sought information from Individual A about how to get the loan forgiven (though she said he did not provide it). Thus, Ms. Koger facilitated the submission of a loan application with false information that was in violation of PPP rules, and thereafter accepted over \$20,000 to which she was not entitled.

After receipt of the first loan in 2020, Ms. Koger applied for a second PPP loan in 2021, this time by admittedly completing the loan documents herself. Ms. Koger claimed the 2020 gross income of \$14,525, as depicted on the borrower application and 2020 Schedule C, accurately reflected her babysitting earnings for that year, which in turn entitled her to the \$3,026 loan. However, Ms. Koger's other statements during her OEIG interview are inconsistent with that representation. First, when explaining why she sought the first PPP loan in 2020, Ms. Koger said it was because she was not doing much babysitting at that time and needed the loan to keep her business going. Second, when initially asked about her babysitting income for 2020, Ms. Koger said she had not done much babysitting at all due to the pandemic (and also that her highest estimate of babysitting earnings in other years was \$12,000). But even taking Ms. Koger's statements at face value that the 2020 income amount was accurate, Ms. Koger admitted that she initialed various statements to qualify for the second draw PPP loan, including a certification she had spent the first PPP loan in accordance with all applicable rules. If nothing else, the loan amount she sought in 2021 should have given her pause about the amount she received in 2020, which was over six times as much. Instead, Ms. Koger proceeded to submit the application, obtain the loan, and then apply for and accept forgiveness in full from the SBA several months later.

In addition, the evidence does not support Ms. Koger's assertion that she reported her babysitting business to DHS as secondary employment. Ms. Koger said she started babysitting in 2018, and personnel documents show she began working at DHS in March 2019. Ms. Koger claimed she reported her business on a secondary employment form she filled out around the time she started, which she said was the only such form she has completed while at DHS. However, the only secondary employment form on file for Ms. Koger, signed in her name and dated March 1, 2019, reported that she had no secondary employment.



Based on the evidence, there is reasonable cause to believe that Ms. Koger violated DHS and State of Illinois policies on employee conduct and secondary employment.

**V. [REDACTED] AND RECOMMENDATIONS**

Based on the evidence detailed above, the OEIG has determined **THERE IS REASONABLE CAUSE TO BELIEVE THE FOLLOWING:**

- **[REDACTED]** – Ms. Koger obtained federal PPP loans based on falsified information in violation of DHS and State of Illinois policies on employee conduct.
- **[REDACTED]** – Ms. Koger failed to report secondary employment in violation of DHS policy.

Regardless of the ease of procuring these PPP funds, this was not free money for the taking. The PPP was a public program set up to provide qualifying small businesses with public funds to assist during the pandemic, provided they met the established criteria. These loans, as with any other, required truthful information as a basis for approval. State employees are expected, at minimum, to maintain the public’s trust and confidence. Misappropriating such funds is far from being ethical, professional, acting with integrity, or conducting oneself in a manner that reflects favorably upon the State. Accordingly, the OEIG recommends that DHS terminate Ms. Koger.

No further investigative action is necessary, and this matter is considered closed.

Date: May 3, 2023

Office of Executive Inspector General  
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By: Janelle Skaloud  
Assistant Inspector General

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JB Pritzker, Governor

Illinois Department of Human Services

Grace B. Hou, Secretary

Office of the General Counsel

69 West Washington • 9<sup>th</sup> Floor • Chicago, Illinois 60602

May 4, 2023

***Via e-mail to Senior Paralegal Sherry Bult (at [REDACTED]@illinois.gov), on behalf of:***

Susan M. Haling

Executive Inspector General

Office of the Executive Inspector General for the Agencies of the Illinois Governor

69 West Washington Street, Suite 3400

Chicago, Illinois 60602

RE: Response to the Final Reports for Complaints [REDACTED],  
[REDACTED], 23-00089, [REDACTED] and [REDACTED]

Dear Executive Inspector General Haling:

This letter responds to the Final Reports for the complaints listed above. The Department of Human Services (DHS) is currently reviewing the complaints. Your office will receive an update as these matters move along. If you have any questions, please feel free to contact Robert J. Grindle, DHS' Ethics Officer.

Regards,

/s/ Grace B. Hou by /s/ Robert J. Grindle

Grace B. Hou  
Secretary



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JB Pritzker, Governor

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Dulce M. Quintero, Secretary Designate

**Office of the General Counsel**

69 W. Washington St. • Ste. 901 • Chicago, IL 60602

February 28, 2024

***Via e-mail to Senior Paralegal Sherry Bult (at [REDACTED] illinois.gov) on behalf of:***

Susan M. Haling

Executive Inspector General

Office of the Executive Inspector General for the Agencies of the Illinois Governor

69 West Washington Street, Suite 3400

Chicago, Illinois 60602

RE: Updated Response to the Final Report for Complaint 23-00089

Dear Executive Inspector General Haling:

This letter updates a previous response for the Final Report for Complaint Number 23-00089. That Final Report details two [REDACTED] allegations, regarding the federal Paycheck Protection Program (PPP) and failure to report secondary employment.

The Department of Human Services (DHS) initiated the disciplinary process. That process is complete, including resolution of all grievances. The individual remains discharged from State employment.

With the employee's separation complete, DHS considers this matter closed. If you have any questions, please feel free to contact Robert J. Grindle, DHS' Ethics Officer.

Regards,

/s/ Dulce Quintero by /s/ Robert J. Grindle

Dulce Quintero

Secretary-designate